Social Security protects the economic security of workers, retirees, and their families. More than any other federal program, Social Security reduces poverty and improves the standards of living for all Americans. More than 13 million senior citizens depend on their Social Security benefits, as do millions of children and families. Congressman Blumenauer sits on the Ways and Means Committee, which oversees the Social Security Administration and its programs, and is committed to protecting these vital benefits.

Social Security was created by President Franklin Roosevelt as part of the New Deal and was expanded under President Lyndon Johnson's Great Society. The program is still strong and will continue to be a source of income for retirees, the disabled, and families. Many people do not realize how valuable Social Security is to them. Typically, an individual would have to save an additional $225,000 while working to replace the benefits Social Security provides in retirement. Without any changes, Social Security will be able to pay 100 percent of benefits until 2037. After that, however, Americans will have to make smart choices to ensure that the program continues to keep its promises, while avoiding future budget shortfalls and paying down the national debt.

Congressman Blumenauer has been closely monitoring the Social Security Administration's plan for reducing its substantial backlog of unprocessed disability claims. The agency has continued to make progress, but the substantial increase in new applications due to the economic downturn poses significant future challenges for the agency. Also, Congressman Blumenauer has strongly supported finding additional resources to help applicants navigate the complex—and often lengthy—appeals process. He was proud to vote for H.R. 4532, the *Social Security Disability Applicants' Access to Professional Representation Act of 2010*, a bipartisan bill that will improve access to quality, professional representation for disability applicants.

Frequently Asked Questions

When was Social Security created and why?

Doesn't Social Security work just like a traditional employer pension?

Who receives benefits?

How important is Social Security?

When was Social Security created and why?

President Franklin Roosevelt established Social Security as part of the New Deal in 1935 as a guaranteed pension in an effort to reduce poverty among seniors and alleviate the Great Depression. The hope was that Social Security would be part of a secure retirement that would also include private savings and employer-provided pensions.

Before Social Security, more than half of seniors lived in poverty. Today, fewer than 11% fall below the poverty line.

Benefits for survivors of deceased workers (widows, widowers and/or children) were added in 1939 and for the disabled in 1956.

Doesn't Social Security work just like a traditional employer pension?

Yes, in many ways. People pay into the system when you work and receive a monthly pension during retirement. There are fundamental differences however. Benefits received are based on two principles: equity and adequacy.

- Equity means what you pay in is related to what you get out; workers with higher wages who pay more into the system, receive higher Social Security benefits.

- With the principle of adequacy, Social Security is designed to favor the lower-wage worker who might not have the opportunity to save over a long work life. Social Security replaces a higher proportion of earnings for the poor than for more wealthy individuals.

About 70 cents of every dollar paid into Social Security immediately goes to paying benefits for current recipients. Benefits are also indexed against inflation and protected from the ups and downs of financial markets.

Who receives benefits?

Today, more than 53 million Americans are collecting benefits. Over one third of the beneficiaries are children, disabled workers and survivors of deceased workers, not seniors.

In Oregon, benefits were paid to 686,777 persons. This number included 467,560 retired workers, 54,020 widows and widowers, 91,803 disabled workers, 31,000 wives and husbands and 42,394 children. Social Security beneficiaries represented 18 percent of the total population of the state and 95.2 percent of the state's population aged 65 or older.

Retired workers in Oregon received an average of $1,164 monthly; widows and widowers, $842; disabled workers receiving $1,064; and wives and husbands of retired workers getting $574. Average benefits were $570 for children of retired workers, $747 for children of deceased workers, and $318 for children of disabled workers.

* Most recent figures available from the Social Security Administration are as of December, 2009

How important is Social Security?

According to the AARP, less than 50% of working Americans have a pension plan available at their workplace. Traditional defined-benefit pensions are disappearing. At the same time, personal savings are at an all-time low according to Federal Reserve figures and personal debt is at an all-time high.

Social Security is the major source of income for most people over 65 years of age and is the only source of income for approximately 22% of the elderly.

Social Security provides more than just retirement benefits.

- Disabled workers and their dependents account for 17% of total benefits paid.

- 72% of the private sector workforce has no long-term disability insurance.

- Almost 3 in 10 of today's 20 year-olds will become disabled before reaching age 67.

An estimated 159 million workers, 96% of all workers, are covered under Social Security.

- 53% of the workforce has no private pension coverage.

- 32% of the workforce has no savings set aside specifically for retirement.

For the majority of Americans – 2/3 of current and future retirees – Social Security is, or will be, the largest part of their income in retirement. It is the exclusive source of retirement income for about 20% of Americans.

Who participates in Social Security?

About 96% of all workers contribute to Social Security. Workers pay 6.2% of earned income into Social Security, matched equally by 6.2% from their employer. Self employed people pay the entire 12.4%.

Higher wage earners do not pay in to Social Security on the portion of their salary over the "taxable maximum." This figure is adjusted annually by formula and will be $90,000 a year in 2005.

Those who contribute for 40 quarters will earn benefits.

Do Members of Congress Pay into Social Security?

Yes. Members of Congress pay into Social Security.

Prior to 1984, Members of Congress were covered under a separate program, the Civil Service Retirement System. However, the law was changed to bring Members of Congress into Social Security. Since January, 1984, Members of Congress have been required to pay into Social Security and have been eligible to receive benefits under the same rules that apply to all other workers.

What is the Social Security Trust Fund?

In 1983, President Reagan signed a large payroll tax increase into law to prepare for the retirement of the so-called Baby-Boom generation. This year, Social Security will collect $180 billion more in payroll taxes than is needed to fund benefits for current recipients. This surplus is credited to the Social Security Trust Fund and is then invested in federal securities that earn interest for the Trust Fund.

For years, Social Security's income has exceeded its pay out. The Trust Fund has grown, as intended. It currently has assets of $1.7 trillion, which will grow to $6.6 trillion by 2027.

Is money being taken out of the Trust Fund?

Yes. The Social Security Trust Fund operates much like a bank or credit union. When you deposit money in your bank, the money just doesn't sit there, waiting for you to return and claim it. Rather your bank lends the money out to other customers, who then repay it with interest. However, the bank must maintain enough cash on hand so that when you chose to withdraw your money, you can.

Excess funds in the Social Security Trust Fund are invested in federal securities, which are owned by the Trust Fund and backed by the full faith and credit of the United States government. These dollars are then available to be spent for things other than Social Security.

Are the bonds held by the Trust Fund safe?

The U.S. Treasury bonds issued to Social Security are financial assets in the same way that stocks, corporate bonds, or US Treasury bonds purchased by foreign investors are assets. They have the same status as US bonds owned by Japanese pension funds and the Chinese government. They represent a legal claim on revenue and are backed by the full faith and credit of the United States.

Since the founding of the Republic, the federal government has paid off its debts. The federal government must honor the debt to the Social Security Trust Fund when it comes time to redeem the bonds.

Isn't there a Trust Fund "lock box" that protects Social Security funds?

In 1990's, many members of Congress wanted to stop the government from borrowing and spending surplus Social Security revenues on current government programs. We were successful in protecting the surplus in 1999 and 2000 with the "lock box." Under the lock box, surplus Social Security revenue was used to pay down the federal debt rather than spending it on other government programs.

Unfortunately, the "lock box" protection for Social Security surpluses ended in 2001.

What about the future? Isn't Social Security in a crisis?

No. Social Security is not in a crisis. The most recent projections by the Social Security trustees show that the program, with absolutely no changes, can pay 100% of promised benefits through at least 2037. After that, Social Security would be able to pay a higher benefit, adjusted for inflation, than what current retirees receive, although payment would be only about 73% of scheduled benefits.

At some point in the future, there will be a shortfall in Social Security. What are some of the ways we can fix it?

Social Security faced shortfalls in the 1950's, '60s, '70s and '80s. Each of these shortfalls was dealt with, usually with modest tax increases. With the '80s shortfall, a phased-in increase in retirement age was approved by Congress.

Additional ways to balance the long-range shortfall in the system include: making the program universal - including the state and local government employees not currently participating in Social Security; lifting the cap on wages so that higher incomes are taxed to support Social Security; reducing the rate of growth in benefits for wealthy retirees; or raising the retirement age.